

Message Text

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C O N F I D E N T I A L LAGOS 7070

E.O. 11652: GDS
TAGS: NI, EINV
SUBJECT: NIGERIAN INDIGENIZATION PROGRESS REPORT

1. JUST PUBLISHED OFFICIAL FEDERAL GAZETTE HAS LISTED 993 ALIEN FOREIGN NETERPRISES AFFECTED BY THE ENTERPRISES PROMOTION DECREE OF 1977. THE LIST INCLUDES BOTH THOSE WHICH HAVE ALREADY ADJUSTED TO THE NEW EQUITY SCHEDULES AND THOSE WHICH HAVE YET TO DO SO BEFORE THE DECEMBER 31 DEADLINE.

2. ESTIMATES DIFFER AS TO HOW MANY OF THE "ALMOST THOUSAND" ON LIST HAVE MADE THE TRANSITION. SOME PRIVATE BUSINESS SOURCES ASSERT THAT APPROXIMATELY 700 COMPANIES HAVE YET TO CONFORM, WHILE NEWSPAPERS SUCH AS THE NEW NIGERIAN FIX THE NUMBER AT 500. FMG OFFICIALS HAVE WITHHELD COMMENT SAYING THAT THE NUMBERS ARE CHANGING DAILY AND A PRECISE COUNT MUST STILL BE MADE. THE ACCURACY OF THE LIST IS ALSO IN DOUBT. A NUMBER OF BIG AND SMALL FIRMS OBLIGED TO INDIGENIZE ARE NOT EVEN LISTED.

3. WORKLOAD OF NEPB HAS UNDERSTANDABLY INCREASED IN RECENT WEEKS. INSTEAD OF MEETING MONTHLY, BOARD EXPECTS TO HAVE 2-3 SESSIONS PER MONTH. NEXT SESSION SCHEDULED FOR JUNE 15. SENIOR PERMANENT CIVIL SERVANT
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IN ORGANIZATION CURRENTLY IS NOEL AIHIE WITH TITLE OF UNDER SECRETARY; JOB IS TO PREPARE PAPERS FOR BOARD MEETINGS AND INTERVIEW COMPANY REPRESENTATIVES. IN MEETING WITH ECON COUNSELOR JUNE 5, AIHIE SPOKE WARMLY OF NEEF FOR U.S. TECHNOLOGY AND MANAGEMENT THROUGH INVESTMENT. HE PREDICTED THAT INDIGENIZATION OUTLOOK WOULD BECOME "MORE SENSIBLE AND LIBERAL" UNDER INCOMING

CIVILIAN REGIME. HIGHLY CRITICAL OF SOCIALIST ECONOMICS AND GOVERNMENT OWNERSHIP (AIHIE DID GRADUATE ECONOMIC STUDY IN WARSAW AND WAS APPALLED AT WHAT THE SOVIETS HAD FOISTED ON THE POLES), HE BELIEVES THAT "GOOD TREATMENT OF EXISTING FOREIGN FIRMS IN NIGERIA WILL ENCOURAGE OTHERS WITH EVEN BETTER TECHNOLOGY TO COME IN". AIHIE OFF-THE-RECORD APOLOGIZED FOR BARRAGE OF ECONOMIC DECREES ISSUED BY FMG. ALSO URGED THAT WESTERN BUSINESSMEN SHOULD NOT BE DISCOURAGED BY HOSTILE STATEMENTS IN IRRESPONSIBLE NEWSPAPER ARTICLES. QUOTE THIS COUNTRY REALLY WANTS THE AMERICANS HERE UNQUOTE.

4. EMBASSY CONTINUES TO MONITOR THE LOCAL SCENE FOR SIGNS OF GOVERNMENT MOOD ON INVESTMENT AND INDIGENIZATION. SCATTERED INDICATORS APPEAR POSITIVE:
(A) ISSUANCE OF MULTI-ENTRY VISAS TO AMERICAN BUSINESSMEN IS PROCEEDING WELL AT OFFICE OF DIRECTOR OF IMMIGRATION. FYI: INEARLY MAY DIRECTOR ALIYU MUHAMED TOLD US THAT NIGERIA WAS NOT YET ABLE TO ISSUE MULTIPLE ENTRY VISAS AT ITS DIPLOMATIC POSTS ABROAD AS NATION "LACKED SECURITY APPARATUS COMPARABLE TO THE UNITED STATES TO PROTECT ITSELF AGAINST UNDESIRABLE ENTRANTS." IT WAS THUS NECESSARY FOR A BUSINESS VISITOR TO FIRST ENTER THE COUNTRY, OBTAIN A LETTER FROM THE ORGANIZATION WHICH BROUGHT HIM HERE AND THEN
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ASK THE OFFICE OF IMMIGRATION IN LAGOS TO ISSUE A MULTIPLE VISA. THIS SYSTEM NOW IN OPERATION.
(B) U.S. RESIDENT FIRMS SEEM TO BE ENCOUNTERING MORE SYMPATHETIC RESPONSE TO THEIR NEEDS. IN THE PAST MONTH, FOR EXAMPLE PHILLIP MORRIS HAS HAD ITS EXPATRIATE QUOTA DOUBLED (FROM FOUR TO EIGHT), HAS BEEN GRANTED THE DESIRED PRICE INCREASES OFR ITS PRODUCTS, AND HAS HAD THE EXCISE TAX ON ITS PRODUCTS RESTRUCTURED EXACTLY TO ITS REQUEST. AS COMPANY RANKS AS ONE OF OUR LARGER NON-PETROLEUM SECTOR INVESTMENTS (MANAGING DIRECTOR SETS NET BOOK VALUE AT \$12 MILLION) ITS EXPERIENCE SERVES AS A HELPFUL GUIDE IN JUDGING FMG POLICY TRENDS.
WYMAN

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